

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
MASTER OF BANKING AND FINANCE PROGRAMME**

**SPENDING BEHAVIOR OF CREDIT CARDHOLDERS IN AYA
BANK**

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DECEMBER, 2019

**SPENDING BEHAVIOR OF CREDIT CARDHOLDERS IN AYA
BANK**

**A thesis submitted as a partial fulfillment towards the requirements
for the degree of Master of Banking and Finance (MBF)**

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ABSTRACT

The objectives of the study are to identify credit card policies and practices of AYA bank and to examine the spending behavior of credit cardholders in AYA bank. The study was conducted by using survey questionnaires which were sent to credit cardholders who was using AYA bank credit card. The study used convenience sampling and the survey was conducted among 200 credit cardholders from 5 selected branches in downtown area of AYA bank, Yangon Division. In this study, the independent variables were demographic factors, credit card policy and attitudes toward usage and dependent variable was spending behavior of credit cardholders. The study found that all independent variables have significantly effect on the dependent variable. Among these variables, credit card policy has most significant effect on the spending behavior. To survive and compete among credit card markets, the bank should make more effort to improve the user understanding the benefits policy of credit cards through advertisements and media. Moreover, the bank should make to simplify the documents needed to apply for a credit card. To maintain the current consumers and attract the potential customers, the bank should use social media and other channels. Moreover, the bank should provide the information about the benefits of using credit card and discounts program of payment with credit card.

ACKNOWLEDGEMENTS

There are several persons who had made a difference to the successful completion of this thesis. This thesis could not have been successfully completed without the assistance and encouragement from the following person. Firstly, I would like to offer my sincere thanks to Prof Dr. Tin Win, Rector and Prof Dr. Nilar Myint Htoo, Pro Rector of Yangon University of Economics for their permission for my selection of the topic as a partial fulfillment towards the Degree of Master of Banking and Finance.

I am also thankful to my heartfelt thanks to Prof Dr. Daw Soe Thu Programme Director of the Master of Banking and Finance, Head of Department of Commerce, Yangon University of Economics for her guidance, suggestions and monitoring in carrying out this paper.

I would like to express my deep appreciation to my supervisor, Prof, Dr. Aye Thu Htun, Department of Commerce, Yangon University of Economics, for her continuous guidance, assistance, suggestions and patience through what at times has been a difficult process. Her time and research expertise helped me make this research a reality.

I would like to thank my parents especially to my mother for her unconditional love and support throughout my entire life. She provided me with such a great opportunity to study for Master of Banking and Finance at Yangon University of Economics. I appreciate all of her excitement and celebration with me at every milestone in my life. I won't be able to make these progresses without her.

Finally, I am greatly thankful to all of my family, friends, colleagues and responsible persons from AYA bank who have worked with me and provided me with emotional and social support to help me grow in different aspects. I will be eternally thankful for their friendship and love.

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LIST OF ABBREVIATIONS

AYA	Ayeyarwady Bank
ATM	Automated Teller Machine
MMK	Myanmar Kyats
MPU	Myanmar Payment Union
UPI	Union Pay International
JCB	Japan Credit Bureau

CHAPTER (1)

INTRODUCTION

The changing technologies not only improve people's lives but also in banking industry all over the world. In the past, cash was used only for payments but since credit cards have emerged, instead of using credit cards only in payments. With the increasing use of card systems rather than cash usage in today's technological advances, the number of card users is increasing and banks are increasingly competing for cashless cards to reach more customers. There are many types of card such as debit card, credit card and prepaid card. Among the varieties of cards, credit card is a convenient type of card that allows users to pay their bills monthly and then pay back in installments. The credit card is also a useful type of card for the bank as it pays interest on the remaining balance and other fees and charges an annual fee for the card.

Credit cards are a preferred medium of payment for shoppers nowadays. The uses of credit cards are most popular among not only young people but also adults all over the world. A credit card is a convenient financial product that can be used for everyday purchases such as daily use products, electronic products and other goods and services. Credit cards have a great impact on the consumer spending behavior gain for them many advantages and benefits. Consumer spending behavior refers to user emotions, mental, as well as advance search, decision making and adherence to actions taken by individuals, as well as the community, through the search and purchase of a product or service. The spending behavior for credit card can be distinguished by the customer type.

The financial sector hence reduces the cost and risk of producing and trading goods and services and thus makes an important contribution to raising the standard of living. Nowadays, most of the restaurants, shopping center, online shopping, electronic shops were accepted credit cards with customers' choice payment plan (such as simple pay 6 or 12 months installment plan). In Myanmar, credit cards were introduced since around 2000. Today credit card industry is highly competitive and almost all the banks are offering credit cards. There are four state-owned banks, three banks owned by municipal governments, 11 semi-private banks that trade privately but are partially owned by, or closely associated with, government agencies, 24 privately owned banks and 13 foreign banks providing in Myanmar.

From that, most of the private bank were offered credit card. AYA Bank commenced operations in Myanmar in 2010 but rapidly grow up among competitors. AYA Bank offering credit cards in association with Visa, UPI and JCB co-brand with MPU.

1.1 Rationale of the Study

The financial sector plays an important role in the functioning of the economy through intermediation. The financial sector mobilizes savings and allocates credits to other sectors to promote economic growth. Since there are many banks, attracting customers from other banks, as well as trying to provide customers with services, a variety of products as well as convenience. By the research of (Mary Anne, et al., 2018), consumers are growing by using the payment system through digital information called cashless systems. In addition, no longer able to bring large amounts of money in their wallets, and they can now bill from electronic cards and/or other mobile payments system. There are a lot of different types of cards available today due to the variety of products available. Various brands are also competing with banks. Among the debit card, credit card and prepaid card, credit cards more used than others because do not required to carry a lot of cash, easy to payment, protection from money theft and many other reasons.

The growing number of credit card users for banks has also boosted customer turnover. By the increasing use of credit card consumers, there have been convenience of no need to visit the bank therefore bank will also reduce opening multiple branches. After use of payment with credit card, the card holder will repaid the outstanding amount to bank partially or all by their decision. If the partial payment was choice, card holder will charge interest fees and penalty fees for remaining outstanding amount by monthly. Amongst card holders, that the banks are charging substantial interest and other costs. By issuing credit cards, bank also has been earned some income and there has been also no cash currently available for cardholders anytime and can select convenient payment plan after purchase. Nowadays, competition among credit card players is severe. This research was studied about how credit card holders spend their card and how bank set the credit card policies and practices in AYA bank.

Myanmar, the banking sector is now developing stage but the banking products and services are variety. But this condition may need to improve compete with neighboring countries. AYA Bank provides individual and commercial banking

products and services in the country. There are 250 branches in AYA and stands for top three deposit bank lists in Myanmar (John Schellhase and Lena Sun, 2017). AYA bank issued credit cards compete with others and have nearly (170,000) card holders. Thus, this research studied how AYA bank set credit card policy, collection policy and determinants of consumer behavior to spend their credit cards.

1.2 Objectives of the Study

The objectives of the study are as follows:

- (1) To identify credit card policies and practices of AYA Bank and
- (2) To examine the spending behavior of credit card holders in AYA Bank

1.3 Scope and Method of the Study

This study applied descriptive statistic and analytical method. Both primary and secondary data were used in this study. The primary data were collected through customer survey among the credit cardholders of AYA bank, Yangon Division and responsible persons administered. There were total of (20) branches in downtown area of Yangon Division and total credit cardholders were about (4000). The total of 200 questionnaires was distributed to AYA credit cardholders from selected (5) branches of downtown area at Yangon Division and analyzed for this study. The respondents were requested to fill the structured questionnaire at their convenience. Secondary data was obtained from previous research, paper, journal and articles from internet websites.

1.4 Organization of the Study

This study is composed of five chapters: Chapter (1) is introduction includes rationale of the study, objectives of the study scope and method and organizations of the paper. Chapter (2) demonstrates theoretical background of the study. Chapter (3) is the history of AYA bank and includes AYA bank profile, vision, mission and core value, organization, services and credit card policy and practices of AYA bank. Chapter (4) presents the analysis on spending behavior of credit card holders in AYA Bank. The last chapter, chapter (5) is conclusion which consists of findings, suggestions and recommendations and need for further research.

CHAPTER (2)

THEORETICAL BACKGROUND OF THE STUDY

This chapter mainly focuses on historical background of credit card, the spending behavior, influencing factors on spending behavior of the credit card users and conceptual framework of this study.

2.1 Historical Background of Credit Card

The thing a credit card is a moderately new creation. However, the concept of credit cards is over 150 years old. The world's first credit cards are traced back to the early 1900s, when oil companies and department stores started to issue their own proprietary plastic cards. These cards were intended to make customer faithfulness and improve customer service. Bank-issued charge cards originated in 1946 when a Brooklyn banker named John Biggins launched the Charge-It card. In Biggins' bank, customers could utilize the card to make a purchase and the bill for that purchase was forwarded to Bank. The bank would compensate the merchant for the merchandise, and afterward the bank would get installment from the customer. In 1951, New York's Franklin National Bank issued its first bank credit card. That credit card could be used only by the bank's account holders, similar to the Charge-It card.

In 1950, the world's first credit card was used by McNamara and his business partner Ralph Schneider for paid their bill at the restaurant and it was used widespread but it was not a plastic and just a cardboard. The purpose of the Dinner Club card was especially designed for use in entertainment and travel. One year after the Diners Club Card launched, there were 20,000 Diners Club cardholders across America. Although its purchases were made on credit, technically the bill had to be paid in full at the end of each month. Before the 1950s was over, Dinner Club card were being transformed from cardboard to plastic, and then plastic credit cards were expanded. Motivated by the achievement of American Express, the Bank of America made the BankAmericard brand in 1966 and MasterCard was born around with the same year that Visa was created. Nowadays, the BankAmericard brand is known as Visa. The BankAmericard credit card was a general purpose card. A national credit card system was shaped when a gathering of credit-issuing banks combined to make

the InterBank Card Association (that association is presently called MasterCard Worldwide).

Beginning in 1987, American Express quit being a credit card solely for travel and entertainment expenses, and they began being a credit card for general purpose expenses. In present day, American Express keeps on offering a wide variety of credit cards while as yet keeping up its unique gainful travel and entertainment cards obliged the corporate market. Still, over the 1990s and early 2000s, Visa and MasterCard continued to dominate the market, making it difficult for new competitors to break in. Starting in the 1970s, credit card handling innovation has improved significantly all the time. The rise of global communication systems was changing credit card processing technology long before the internet was invented. In the 1970s, credit cards were relying on electronic credit card systems. So the internet has not changed the credit card industry but other industries were changed. Anyway, modern credit cards use the same magnetic strip they've used in the past. Over the past decade, however, credit card companies have added chip technology and tap-to-pay technology that makes them easier to use than ever before.

Credit cards charge a number of fees, from an annual fee to cash advance fees to late payment fees. If the customer take out a cash advance (that is, use the card to withdraw cash from an ATM or get money from a bank teller), customer will be charged this interest rate on the borrow amount. Unlike regular purchases, accumulating interest will start on cash advances the day that customer take from ATM. If the customer used the credit card overseas, foreign transaction fees will be charged on every purchase made in a foreign country. Foreign transaction fees are typically about 3% of the purchase. If customer did not pay at least the minimum amount due by the due date on the credit card statement, late payment fees will be charged. If the customer did not be paid the payment more than 30 days late, it could affect the credit scores of customer. If the customer will be spend over the credit limit, the issuer could still approve the transaction but charge the over limit fee.

The credit cards system is spread all over the world. This is now the most popular way to purchase goods and pay bills or taxes. Credit card's uses become almost universal. One of the major advantages is called buy now, pay later. This opportunity is allowing people to use the one period to purchase goods and pay much

later. No cash needed is the main credit card advantage. The cardholder is carrying only a small plastic card in the wallet. The cardholder will not make payments in cash; will not worry about the robbers tempted by an attractive wallet. Many transactions are made every day using credit cards. Cash not allowed is an important condition when someone wants to rent a car or check to the hotel. Often the credit card is used as a deposit.

2.2 Consumer Spending Behavior

D'Silva (2008) defined that spending behavior as a behavior that influences how people use their money and spending to influence their needs and wants. In today's market, the usage of credit card is affected on purchasing behavior by customer in all over the world. Consumer buying behavior is how individuals, groups and organizations to select, purchase, use and disposal of products, services, ideas or experience to meet the consumers demand (P. Kotler and G. Armstrong, 2005). Credit card seems to update cash as a medium of exchange. For the most part, the decision if credit card as an payment system is frequently incidental and driven by more straightforward contemplations like comfort, worthiness, availability and propensity (Soman, 2001).

Credit cards have a number of positive effects on customer spending behavior recovery for them many advantages and benefits. For instance, the security of credit card payment has gained credibility and popularity worldwide. With the daily spending of customers, their expenses are facilitated by the usage of credit card. By the study of Woolsey and Schulz, (2010), currently all the financial organizations were to impose twenty days grace period between the statement date and payment due date. Most credit card users also depend on the card use behavior, depending on the grace period. R.A. Feinberg, (1986) stated that the behavior towards credit card use differs from one customer to another depending on their level of control. The consumer spending behavior may vary depending on the credit limit, the repayment schedule, or other factors.

According to Galanoy (1980), credit card has interaction with spending. The personal attitudes in spending and saving are based on financial knowledge and understanding (Pellinen et al., 2010). Control of credit limit only when understanding financial knowledge and managed for monthly payments.

Besides, by the research of Dellande and Saporoschenko, (2004), those who are positive about credit cards who do not know the real cost of delaying payments on their credit card are more likely to want to spend.

2.3 Influencing Factors of Credit Card Spending Behavior

This study considered the facts that may influence credit card use are based on demographic factors, bank policies and attitude towards usage.

2.3.1 Demographic Factors

Age, age-groups, education level, income, occupation etc. serves as various dimensions of demographics. By the study of some researchers, the demographic factors such as gender, age, income level, occupation, and education level which are advanced to influence the spending behavior of credit cardholders. The proportion of the demographic factors directly or indirectly affects spending behavior. In other words, they affect the personal qualities, such as personal values and decision-making patterns. Mottola, (2012) revealed that a female user are more costly credit card behavior than a male. Female have to pay later than male. Female has a positive financial attitude toward using credit card. Female pay less in full payment of credit card and usually used in shopping.

Allvine, (1987) mentioned that income also acts as a factor in determining of how much the purchasing power of consumers will be spent on goods or services. A person with the ability to cut down on a medium business will be lessened by the use of credit card. The formal level of education is terribly useful in higher cognitive process. According to Themba and Turnedi (2012), higher education encourages the consumers to get a credit card. Huang & Shen (2010) stated about occupation of individual has a great role to play in case of obtaining and usage of credit cards and it turns out that cardholders' income and occupation significantly influence on frequency of credit card use, cardholders with higher income spend higher frequency; cardholders working in banks use credit cards are frequently than those with other occupations.

2.3.2 Credit Card Policy

According to Wendy Ming-Yen Teoh et al., (2013), the credit card policy refer to the benefits of issuing banks offer to credit card holders, the

qualifications required for apply credit cards, the benefits policy and collection policy of credit cards. The requirements apply for credit cards as defined by the card issuing banks. The requirements were differentiate by issuing bank but some are same that the applicant identification card copy, salary slips, income tax(if needed), bank statement, household letter, passport photo and other documents that can show their identities. However, in some countries, the requirements have been eliminated. The applicants may already have a credit card, which may reduce income recommendation and income tax, depending on the type of card (silver, gold and platinum) and credit limit.

With the same product, banks are giving customers different incentives to use their bank. To enable the customers to select their bank on credit card, seasonal discounts that appeal to customers, as well as the availability of card types such as Airport Lounge in abroad. Devlin, Worthington, & Gerrard (2007) stated that credit card issuers must offer discount for promotion. Card issuing banks are also exempt from the first year annual fees for promotion and some are exempt from the card for the rest of card life. Many card issuing banks offer the first year annual fee depending on the specific transactions spend with credit card within the defined year.

Card issuing banks have announced the benefits of using the card and attract the consumers. The issuing banks set the grace period from 15 days or 20 days from the statement date. The credit card statements will be sent at the end of every month. The customer pays no interest to the bank for this service if the payment was done during the grace period, but customer carries an interest of some percent on the remaining balance without payment. The bank earns a commission of 3-5% from the seller of the total value of the invoice. The late payment charge is fixed at some amount of the total outstanding balance. Credit card issuers often require a minimum monthly payment as low as 10 % of the outstanding balance. The interest fees, late fees, penalty fees and over limit fees are varied from the issuing banks.

2.3.3 Attitude towards Usage

According to Mowen (1987), attitude can be defined as the quality of being suitable to fulfill a particular role or task and right or appropriate for a particular person, purpose, or situation. Credit card usage is that the quantity of charges created by a credit cardholder, either through purchases of products and services or money advances created through ATM machines provided by credit cards issuers (Syed S.B.S Ahmad, 1998). Credit cards can be used for online shopping, paying at stores

with POS machines and making cash withdrawals on ATM machines. The cardholders have attitude to pay with credit card due to benefits such as security and no need to carry cash. The attitude to settle with credit card have not only good but also harmful.

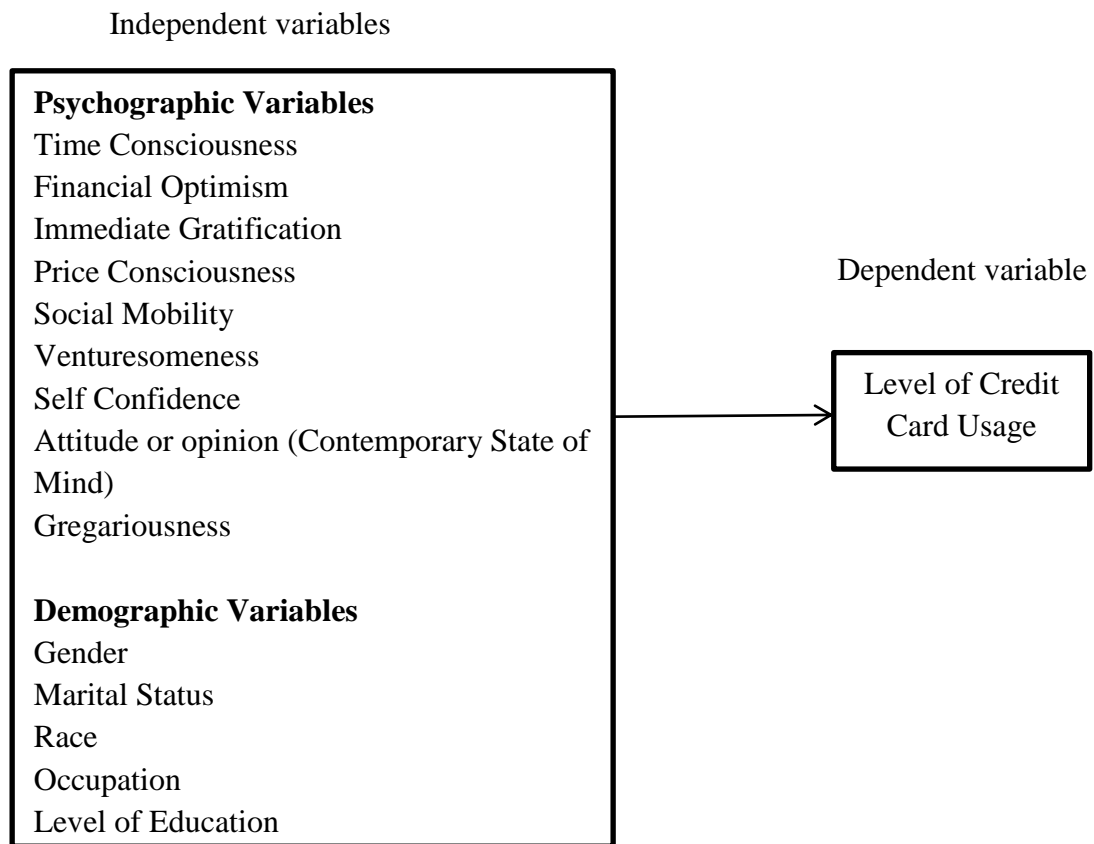
Yi-Wen Chien and Devaney (2001) stated that the higher the specific attitude index, the higher would be the outstanding credit balances, the more favorable of general attitude towards using credit, and the higher would be the installment debt. The credit card holder attitude change depending on the repayment plan of the outstanding balance. Some cardholders pay monthly installments, while others pay all outstanding balance. There are also people who do not want to pay the miscellaneous fees associated with using the credit card. Credit cardholders also have to pay annual fees, late fees, penalty fees and over limit fees (for spend over the credit limit). The best way is to allocate the monthly repayment amount of the credit card usage.

Mowen (1987) mentioned that attitudes can be confusing to some people, groups, the situation; it is at the core of our liking and disliking of material and unseen thoughts. From that, credit cardholders will use credit cards only if they satisfied with the credit limit, easy to pay anywhere with credit card and seasonal promotion or discounts offered by the bank. By the finding of Kaynak and Harcar (2001), knowledge structures, beliefs, likes and dislikes as well as attitudes of owners influence its usage.

2.4 Previous Studies of Credit Card Spending Behavior

Syed Sharaff Bin Syed Ahmad (1998) conducted the research on Factors Affecting Credit Card Usage. The study stated that there were positive relation with the psychographic factors and the level of credit card usage. The results also stated that there were no significant differences between male and female users but significant differences with graduate, non-graduate and married, non-married users. In that study, the psychographic factors and demographic factors were independent variables and level of credit card usage was the dependent variable. The respondents of that study were 150 credit cardholders of the researcher friends, business associates, the various Chambers of Commerce in Penang, and through MBA students for distribution to their office colleagues.

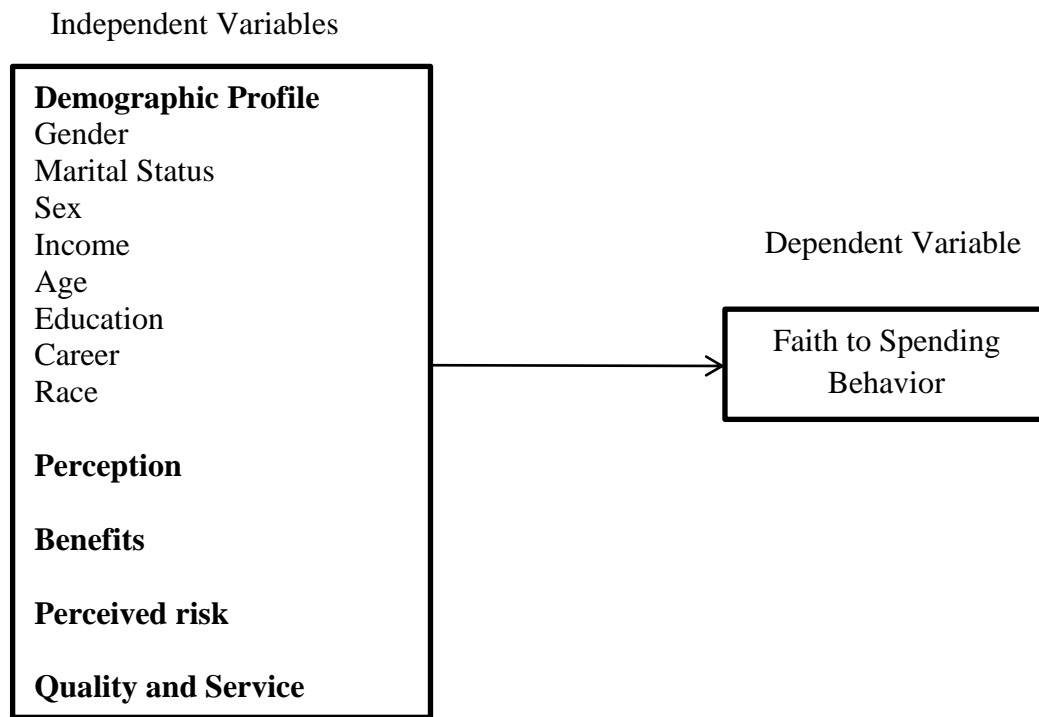
Figure (2.1) The Theoretical framework of factors affecting on credit card usage of MBA students in Penang



Source: Syed Sharaff Bin Syed Ahmad (1998)

Umar Mohammed Idris and Muhammad Tahir Jan (2013) studied with the research on Effect of Credit Cards on Customers’ Spending Behavior: A Comparative Analysis of Islamic and Conventional Credit Cards and they found that the religion is no effect on the usage of credit card whether Islamic or Conventional. The majority of women population had more credit cards than men and the majority of the credit cardholders were well educated person. In that study, the researcher collected the questionnaire from 200 respondents of credit cardholders from Klang Valley in Malaysia. The independent variables were demographic factors, perception, benefits, perceived risk and quality and service and the dependent variable was credit card spending behavior.

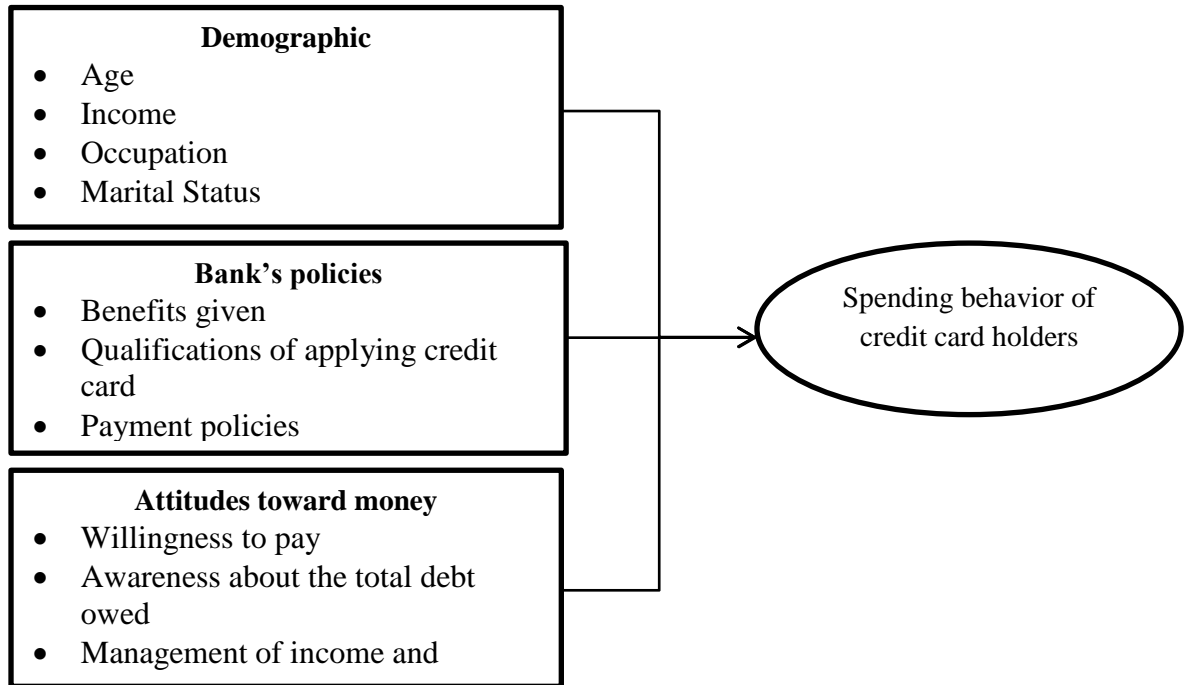
Figure (2.2) The Conceptual framework about effect of credit cards on customers' spending behavior of Klang Valley, Malaysia



Source: Umar Mohammed Idris and Muhammad Tahir Jan (2013)

Wendy Ming-Yen Teoh from Multimedia University, Siong-Choy Chong from Finance Accreditation Agency and Shi Mid Yong from Multimedia University (2013) were studied the research of Exploring the factors influencing credit card spending behavior among Malaysians. That study was constructed three independent variables such as demographic factors, bank's policy and attitudes toward money and the dependent variable was credit card spending behavior. The researchers collected the questionnaire from 150 credit cardholders in Selangor and Malacca. The result showed that some demographic factors such as age, income and marital status have significant correlation with credit cardholders spending behavior and occupation and management of income over expenses were not significantly related to credit card spending behavior among Malaysian credit cardholders. The bank's policy (benefits given and payment policies) and attitudes toward money (willingness to pay and awareness of the total debt owed) were significantly related on the credit card spending behavior and the qualifications to apply for credit card was not related on the spending behavior.

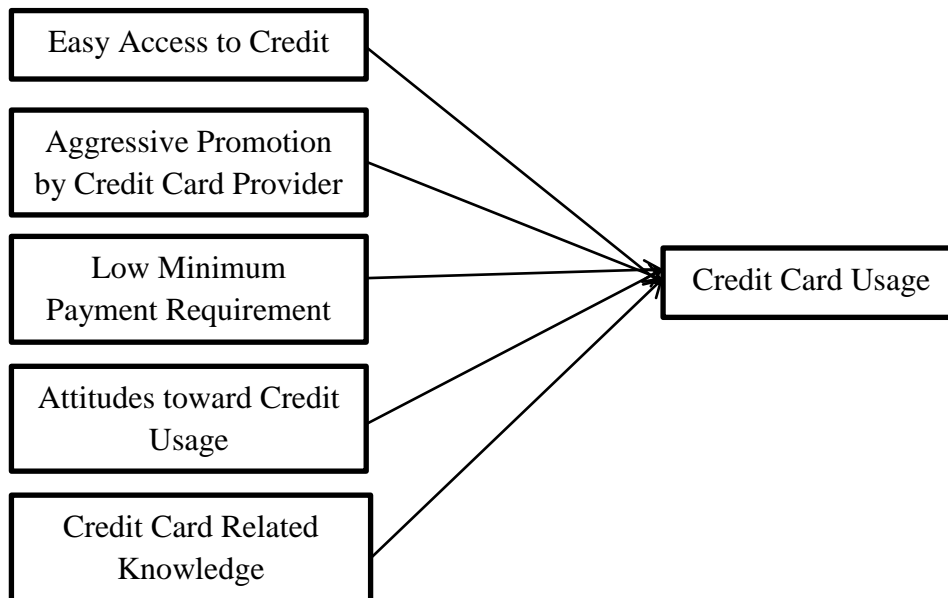
Figure (2.3) Research framework on factors affecting spending behavior of credit card holders in Selangor and Malacca



Source: Wendy Ming-Yen Teoh, Siong-Choy Chong Shi Mid Yong (2013)

Suhana Mohamed, Norsuridah Shahdon and Rohana Sham from Faculty of Business, Aznilinda Zainuddin from Faculty of Electrical Engineering, Universiti Teknologi MARA, Nooririnah Omar from Faculty of Engineering Technology, Universiti Teknikal Malaysia Melaka, Raja Zuraidah Rasi from Faculty of Technology Management and Business, Universiti Tun Hussein Malaysia (2016) were researched about A Case Study on Factors Influencing Credit Card Usage. The researchers collected questionnaire from 120 credit card holders in the KLM private hospital staff. That study was constructed by the five independent variables: Easy access to Credit, Aggressive Promotions by Credit Card Provider, Low Minimum Payment Requirement, and Attitude towards Credit Usage, Credit Card Related Knowledge and the dependent variable was credit card usage. That study was found that only credit card related knowledge is significant and has positive influence to the credit card debts.

Figure (2.4): The research model of influencing factors on credit card usage in KLM private hospital



Source: Suhana Mohamed, Norsuridah Shahdon, Rohana Sham, Nooririnah Omar, Aznilinda Zainuddin, Raja Zuraidah Rasi (2016)

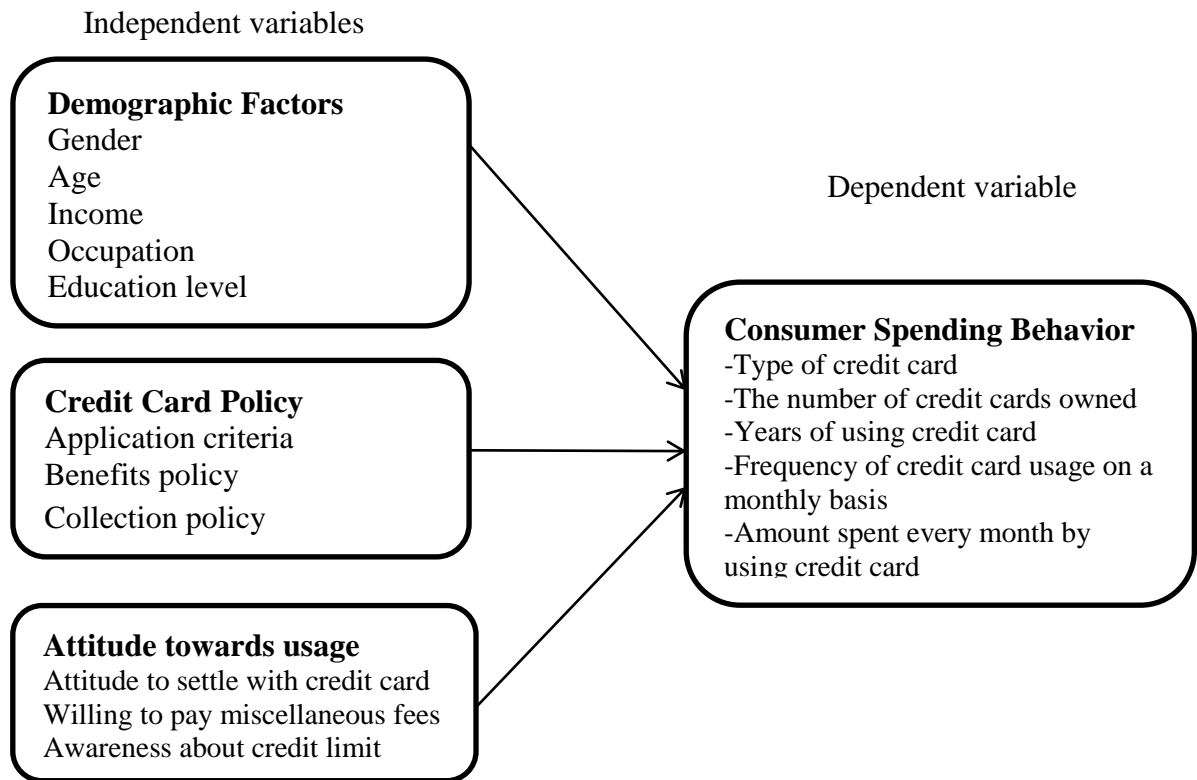
By the research of Syed Sharaff Bin Syed Ahmad (1998), some demographic factors were significant affected on level of credit card usage. The framework used in that study was depicted from the integration of previous studies and included psychographic and demographic variables. From psychographic variables, Time Consciousness, Price Consciousness and attitude or opinion were some types of attitude towards usage. In study of Umar Mohammed Idris and Muhammad Tahir Jan (2013), demographic factors, perception, benefits, perceived risk and quality and service were independent variables and some demographic factors and benefits were most affected on faith on spending behavior.

According to the research of Suhana Mohamed et al (2016), the researchers were constructed the framework with five independent variables including aggressive promotion by the credit card provider, easy access to credit card and low minimum payment requirements. These variables were based on the issuing bank credit card policy. Wendy and Siong (2013) constructed their framework with three independent variables Demographic factors, Bank's policies and attitude towards money.

2.5 Analytical Framework

Based on the previous researches about spending behavior of credit cardholders, this study was adopted from Wendy and Siong-Choy (2013) as the analytical framework shown in figure (2.5).

Figure (2.5) Analytical Framework on factors affecting consumer spending behavior



Source: Wendy Ming-Yen Teoh, Siong-Choy Chong Shi Mid Yong (2013)

According to Figure (2.5), independent variables included the demographic factors, credit card policy and attitudes toward usage. The first independent variable demographic factors included gender, age, income, occupations and education level in this study. The second independent variable was credit card policy and included application criteria for apply credit card, benefits policy of credit card and collection policy. The last independent variable was attitudes toward usage with three parts: attitude to settle with credit card, attitude to pay miscellaneous fees and awareness about credit limit. The dependent variable, spending behavior of credit cardholders included type of credit card currently used, number of credit card owned, number of years used credit card, times of used monthly via credit card, monthly used credit amount with credit card and reasons for use credit card.

CHAPTER (3)

HISTORICAL BACKGROUND OF AYA BANK

This chapter describes the profile of AYA bank and its services. There are mainly three sections about the profile of AYA bank, Core value, mission and vision of AYA bank and Financial services provided by AYA bank.

3.1 Profile of AYA Bank

AYA Bank received its banking license from the Central Bank of Myanmar, on 2 July 2010 to operate as an investment and development banking business and commenced operation on 11 August 2010 with the opening of its first branch at the Nay Pyi Taw Registered Office and began operations on 11 August 2010. The AYA Bank's head office is located in the Rowe Building (No., 416, Mahabandoola Road, Kyauktada Township of Yangon Myanmar. AYA Bank had 258 branches as of August 2019. AYA Bank offers retail and commercial banking products and services. Founder and main shareholder of AYA Bank U Zaw Zaw, is a well-respected entrepreneur, business leader and philanthropist of Myanmar with diversified business interests in agriculture, construction, manufacturing and hospitality.

AYA bank is authorized to operate as an investment or development bank for the domestic market and the approved banking activities include:

- Borrowing or raising of money
- Lending or advancing of money either secured or unsecured
- Receiving securities or valuables for safe custody
- Collecting and transmitting money and securities
- Cash management system
- Internet banking
- Provision of international banking services including international remittance, payment and trade services
- Mobile Banking

As a member of the UN Global Compact (UNGC), AYA Bank is committed to implement global standards in Corporate Governance and compliance best practices in its management and operations. Consequently, since 2014-15, AYA Bank is the only bank in Myanmar to be IFRS compliant and the only one audited

under International Standards of Auditing (ISA) by a big-four international firm. The bank has also attracted and kept talented staff with both domestic and international exposure and has invested significantly in Learning & Development as a way to ensure long-term sustainable growth for the communities it serves. The bank will continue to lengthen its branch network throughout Myanmar while concurrently investing in state-of-the-art Core Banking, Digital Banking and Fintech platforms.

AYA Bank is the first bank in Myanmar to implement Centralized Core Banking System, and continuously attempts to offer the best financial services and products in the market. Extending beyond the domestic banking services, AYA Bank also provided International Banking Services to assist Clients to implement their projects and plans. AYA Bank will also continue to focus on strengthen relationships with customers, providing best customer service, and leveraging technology as the enabler to rapidly expand the customer base. The bank also focuses to further strengthen its governance, risk and compliance structure as a measure to ensure balance and sustain growth.

AYA bank got Best Private Bank Myanmar 2013 by World Finance in 2013, Best Private Bank Myanmar 2014 and Best Retail Bank Myanmar 2014 by World Finance, Global Banking & Finance Review 2014 – Fastest Growing Retail Bank Myanmar 2014 and Most Innovative Banking Services (AYA iBanking) Myanmar 2014 in 2014, Best Private Bank, Myanmar, Best Banking Group, Myanmar and Most Sustainable Bank, Myanmar in 2015 and 2016, Asiamoney Best Bank for CSR for Myanmar 2017_Award, Best Regional Banking Awards 2017, Best Commercial Bank, Myanmar 2017 and Best Retail Bank, Myanmar 2017 in 2017 and Asia Money 2019 Best Bank for SMEs & Asia Money 2019 Best Bank for CSR and EDGE Certificate for Gender Equality in 2019.

3.2 Core value, Mission and Vision of AYA Bank

AYA bank core values underpin every aspect of all their business transactions, irrespective of the business or jurisdiction involved. The AYA Bank core values are:

- We pursue our objectives with EXCELLENCE
- We progress as a TEAM
- We think and act in all HONESTY
- We maintain INTEGRITY in all our dealings

- We CARE for our customers, our colleagues and the people we interact with and in all our actions,
- We always act with SINCERITY

The mission of the AYA bank is ‘To be recognized as the leading bank in Myanmar through pursuit of excellent and long term sustainable growth for the bank and its stakeholders.’ The vision of the AYA bank is ‘AYA Bank is the bank of choice for anyone who is looking for fast, reliable, honest banking relationships at a reasonable cost. AYA Bank offers the full range of retail and commercial banking products and services and is in tune with domestic customs and international standards in its governance and operations. For your long-term banking needs, AYA Bank is your trusted partner in Myanmar’.

The organization structure of AYA bank organized with board of directors and sixteen committees to meet its mission and goals.(see Appendix 1) Board of directors include chairman, three vice chairman, executive director, managing director, senior chief operating officer, senior chief finance officer, independent non-executive directors, deputy managing directors. The purpose of the board of directors is set the corporate direction, culture and to provide effective governance over the bank’s affairs for the benefit of all its shareholders, and to balance the interests of its diverse stakeholders, including its customers, employees, suppliers and local communities.

3.3 Financial Services of AYA Bank

There are nine main bank services provided by AYA bank such as deposits, loans and advances, remittances, cash management, card payment, ebanking services, trade services, AYA royal banking services and other services.

3.3.1 Deposits

The financial services of deposit can be categorized into three main categories such as saving accounts, current accounts and fixed deposit accounts.

The saving accounts can open individual account, joint account, minor account, company account and association account. Saving account is an interest bearing account for individuals who want to save and earn interest on the remaining balance within month. The saving accounts can be differentiated by interest and bonus with AYA saving account, AYA interest Maximizer account, AYA Loyal account and AYA call deposit account. All saving accounts can save money and can withdraw

once a week and get interest on remaining balance. All saving accounts type hold ATM card services except AYA call deposit account. AYA interest Maximizer account and AYA Loyal account can get bonus than interest for save money. The interest calculation time start from first to fifth of the every month and calculate interest by monthly then pay by quarterly. But AYA call account calculated interest by daily and pay by quarterly. The account can be easily facilitated to remit and pay transactions.

The current account can open individual, joint, company and association account like saving accounts but current account cannot get interest for deposit. It is convenient and reliable for payments because customer can transfer money from one account to another by cheque. Amount can be both deposited and withdrawn but cannot save.

Fixed deposit (AYA Time Deposit) is investment instruments can deposit money for a higher rate of interest than savings accounts. AYA Time Deposit is ideal for individuals with long-term excess cash. It can deposit a lump sum of money in fixed deposit for a specific period (1, 3, 6, 9 months and one year) but cannot be withdrawn before maturity. Anyone who is Myanmar citizen and over 18 years can open AYA Time Deposit account. The Fixed Deposit certificate is provided as evidence of deposit made.

3.3.2 Loans and Advances

AYA bank loans services include Lien Letter, Project Financing, Invoice Financing, Floor Stock Financing, AYA Education Loan, AYA Auto Loan, AYA Home Loan and AYA SME Loan basic from demand loan and overdraft loan.

Lien Letter is an agreement letter in which Bank has a Borrower's consent to obtain or control their deposits or receivable account when there is an absent of repayment of loan or their obligations. It is suitable for the individual who want to borrow money by giving their savings account as collateral. AYA Bank will provide long term financing of business's infrastructure, industrial projects and public services based on your cash flows of the projects as a Project Financing. AYA Bank shall give the cash in advance to get better cash flow for trading businesses. The sellers or buyers may discount their invoices to obtain better liquidity. The bank may provide short-term advanced money to companies' receivables or help them pay their due invoices for Invoice Financing. Floor Stock Financing of AYA Bank is mainly

targeted at the automobile industry in which Automobile Dealers are able to pledge their vehicles with AYA Bank and get required finance for their businesses, enabling better liquidity.

AYA Education Loan provides financial support from local private or overseas institutions for certificate, degree and postgraduate programs. From this loan the applicant can borrow starting from 500,000 MMK to 15,000,000 MMK (up to 80% of program fees). The repayment term is Up to 60 months available until the program completion. The partner institutions for AYA Education Loan are Myanmar Imperial College (MIC), Myanmar Institute of Business (MIB), Myanmar Metropolitan College (MMC), Strategy First Institute and Crown Education.

AYA Bank Auto Loan is where AYA helps clients buy a choice vehicle. Without the burden of charging the entire car price on a lump sum basis, AYA seeks to provide the customer with an installment plan, while at the same time allowing the customer to use the vehicle. Any Myanmar Citizen with stable and reasonable income who is not younger than 20 years age and not older than 55 years at the point of loan application. Joint applicant is allowed with immediate family members for those who are older than 55 years old with low income.

AYA Home Loan is an installment payment program that is convenient and affordable to meet funding needs. The customer can be choice from a wide selection of affordable home price starting from 200 lakhs. Moreover, the customer can buy variety choices of Residences from AYA Authorized Dealers and developers from the market. The minimum down payment is 30% of home price and the maximum repayment period is up to 15 years.

3.3.3 Remittances

AYA Local Online Remittance Service is a telegraphic transfer and the quickest mean whereby the beneficiary generally receives payment with wide network of branches. Local remittance can guarantee payment to beneficiary, transparent and clear litigation channels.

Payment order is a type of payment settlement to individual, company and associations. It can be purchased at all AYA branches. Payment order is designed as a normal payment order to pay a particular amount for a third party association or organization that is not a Bank.

AYA World Remit allows customer to send money easily and securely to friends, family and business partners around the world simple and low cost. It can transfer money on the same day upon the cut-off time. AYA World Remit services include Western Union Outbound, DBS to AYA Remit (Ya Lah!), International Money Express (IME) (Worldwide), CIMB Speedsend and Akbar Money Transfer Service (Qremit).

AYA SWIFT Telegraphic Transfer is a very fast, safe and reliable way of transferring money between two persons or entities anywhere in the world through use of AYA's wide correspondent relationships and the SWIFT network. It can provide Outward SWIFT Telegraphic Transfer and Inward SWIFT Telegraphic Transfer services. The recipient is able to receive the funds quickly usually within 24 hours and very safe with practically no risk of loss as bank uses their correspondent banking relationship to keep settlement.

3.3.4 Cash Management

The financial service of cash management can be categorized into three categories. There are receivables management, payable management and liquidity management. AYA offers a full suite of customized collection solutions to help receive payments efficiently and boost cash flow. The comprehensive branch and ATM network will promote physical collection. Additionally, AYA digital networks can be used to facilitate transactions. Quickly collect transactions and effectively manage the receivables with AYA Collection Services. AYA Payable management provides prompt and secure payment solutions by offering an end-to-end payables management solution to meet business needs. The payment solution services include staff payroll service, supplier payments, utilities and rental of the company and dividend payment.

3.3.5 Card Payment

There are three types of card payment Debit card, Credit card and prepaid card. AYA debit card helps the customer pay across digital networks for goods and services. Benefits of using debit card are access cash in 24/7 services at ATM, reduce cash handling, convenient and secured. AYA bank issue Debit card co-brand with JCB and UPI. AYA Credit Card is a convenient way to pay for goods and services by borrowing money. To get the AYA credit cards, no initial deposit is needed. AYA Credit card can be categorized into three types platinum, gold and

silver. There is no need to install deposit and simply provide income information to apply. Interest free period is up to 50 days in AYA Credit card. The credit limit of card can be up to 3.5 times of the monthly income. AYA Credit card issued three co-brand cards JCB, UPI and Visa. Both of AYA Debit and Credit card co-brand with JCB can be used in 190 countries including Myanmar and co-brand with UPI can be used in 162 countries including Myanmar.

Moreover, E-commerce is one of the payment services of AYA bank. Nowadays, more and more businesses are incorporating e-commerce platforms as part of their business systems. By using AYA E-commerce service can attract MPU cardholders with search engine visibility, reduce cost of cash management, records each sale or transaction and many other benefits. AYA Point-of-Sale System is the process where, instead of paying cash, the customer will make a payment to the retailer for the goods and services.

3.3.6 Ebanking Service

AYA iBanking is a web-enabled digital distribution channel that enables bank customers to conduct real-time banking transactions through PCs, laptops, smartphones or other internet-access devices. Customers do not need to go to the bank premise to make transactions can save time and money and get the latest news and promotions from AYA Bank. Transactions are carried out in real-time by using secured channels customer's transaction and data are fully protected from loss or theft.

AYA Mobile Banking 2.0, also known as AYA mBanking, is a mobile application from anywhere, anytime, to manage money at AYA Bank. Customer must be an AYA account holder and signed up for iBanking service on which a username, password and security device will be given to the customer. By using both of AYA iBanking and mBanking services, customer will be able to access the full set of features, easier navigation and faster shortcuts to save time when sign up and activate.

3.3.7 Trade Services

AYA bank trade services include export, import and bank guarantee services. Letter of Credit Advising and Negotiation, Pre and Post Shipment Financing and Outward Documentary Collections are export services of AYA bank. The import services can be provided Opening of Letter of Credit, Inward Documentary Collections, Trust Receipts and Shipping Guarantee. AYA bank issued for common

commercial or statutory requirements, including contract tenders and payment guarantees. It can support contractual agreement flexibility in amount and time period according to customer needs.

3.3.8 AYA Royal Banking

AYA Royal Banking is an exclusive membership that provides premium benefits for their high valued customers. It can be dedicated for long time sustainable investment; and relationships beyond banking. AYA Royal Banking services are product service, lifestyle service, travel desk service, healthcare service and relationship management service.

3.3.9 Other Services

The other financial services of AYA bank are AYA SMS alert, Safe Deposit Boxes, Correspondent bank and Foreign Exchange services. By use of AYA SMS alert services, customer can get an instant SMS notification immediately after any transaction above 20,000 MMK for transactions such as ATM Withdraw, POS Transactions in shops, mBanking/ iBanking bill payment transactions, and money transfer. The customer who has any AYA Saving and Current Accounts can sign up and apply AYA SMS Alert Service at the nearest branches eligible to use with three operators (Telenor, MPT, Ooredoo). The Safe Deposit boxes can be available in different sizes at selected branches. The fireproof metal box kept in the bank vaults for the safe storage of customer's valuables. The correspondent banks of AYA bank are from different countries such as Germany, South Korea, Malaysia, Sweden, Singapore, Thailand, Japan, China and India base banks. In local most of domestic banks are correspondent banks of AYA bank. With Foreign Exchange service, customer can purchase or sales of allowed foreign currencies with competitive exchange rates for spot delivery and can transfer from account or to account with other banks.

3.4 Credit Card Policy of AYA Bank

The applicant can apply credit card at any branches of AYA bank. There are three types of credit card depend on the applicant monthly income such as silver, gold and platinum. The monthly income level is above 150,000 MMK and no more than 500,000 MMK can get silver, above 500,000 and no more than 2,000,000 MMK can get gold card and above 2,000,000 MMK and get platinum card. By the

Instruction Letter of Central Bank of Myanmar (2/2012), AYA bank set the minimum monthly income to apply for a credit card is 150,000 MMK.

According to Instruction Letter of Central Bank of Myanmar (2/2012), credit cardholders must meet the minimum age that is 21 years old and can hold major credit card and minimum 18 years old and hold for supplementary card. The age will show the maturity of the credit cardholders. The applicant can apply supplementary card for other family member age under twenty one years. The supplementary card service can provide the cardholder to the same amount of credit limit with the main card and supplementary card. The card statement will send to the main cardholder and other authorities will depend on the main cardholder such as the card activation and change card status.

3.4.1 Application Criteria

Anyone the age of twenty one earning a monthly income can apply for a credit card at AYA bank. The requirements to apply for AYA bank credit card are income document (pay slip) with company or organization letter head, Nationality identification card, household letter, community letter, passport photo, staff identification card and one or two guarantor for the applicant who need the requirements same with the applicant. The bank officer checked the requirements and explained about fees and charges such as annual fees, interest rate, late fees, penalty fees and cash withdraw fees, repayment plans and methods such as over the counter, internet banking service and where to use (POS, ATM, online payment, etc.,). Then the bank accepted the requirements from the applicant, credit officer from card department checked the documents, previewed the profile of the applicant and calculate the credit score. After calculation the credit score, bank informed about the credit limit to the applicant. The credit limit can be different based on the applicant income. But the lowest limit starts from one and half times of the monthly income to highest limit third times of monthly income. The limitation is three times of monthly income is not more than five million MMK. If the applicant agreed the credit limit, card issuing department issued the credit card.

3.4.2 Benefits Policy

The credit cardholder can use their credit card at any POS of acceptance shop, any ATM (for cash withdraw), ecommerce as online shop for buying goods, bill payment and any other items they need. Some seasonal promotion will be

depend on the card type such as silver can get five percent discount, gold and platinum get ten percent at the partnership shop or website of AYA bank. The airport lounge service can get each brand (VISA, UPI, JCB) by the policy of each country. By using of internet banking service, every credit cardholder can pay their monthly payment anywhere and can change their card status (active, block) by self anytime.

3.4.3 Collection Policy

There are interest rates and charges for using the credit card with a monthly repayment rate of 1.33 percent and 2 percent penalty for not paying back debt on a monthly repayment date and 1 percent late fee for not paying back of all outstanding balance. The interest free period is set to a maximum of 50 days and the annual fee is set at least 20,000 kyats to maximum 120,000 kyats by the card type. Monthly repayment date is set on the 20th of every month. The minimum repayment amount required from the usage is 10 percent of the loan amount and it must be paid at least 10,000 kyats. If the cardholder spend more than the credit limit, over limit fee 3 percent will be charged.

CHAPTER (4)

ANALYSIS ON SPENDING BEHAVIOR OF CREDIT CARDHOLDERS IN AYA BANK

This chapter mainly focuses on the spending behavior analysis regarding credit cards issued by AYA bank. In the section, it represents the analysis of the collected data. It can also be clear information seen that how bank conducts its policies relating with credit card issuing, benefits for cardholders and collection.

4.1 Research Methodology

In this study, descriptive and analytical research methods were used in this study. The primary data were collected through consumer survey administered among credit card holders in AYA bank. Only credit card holders with the spending behavior and credit card policy and practices of AYA bank were chosen as the respondents to meet the objective of this study. Primary data was collected with convenience sampling method. A set of structured questionnaire is used for primary data collection. There were total of (20) branches in downtown area of AYA bank Yangon Division and total credit cardholders were about (4000). The total of 200 questionnaires was distributed to AYA credit cardholders from selected (5) branches of downtown area at Yangon Division and analyzed for this study.

To analyze the data, frequency analysis is employed to extract percentage-based data from the profiles of respondents regarding gender, age, education level, average income per month and occupation. In the study, descriptive statistics as well as regression, mean, significant and standard deviation were used. The data were coded and run using the Statistical Package for Social Sciences. The data of this study were generated from responses to questionnaires completed during the actual survey.

The questionnaires for this research consist of four sections. Part I consists of five questions on the demographic profile of the respondents such as gender, age, income, occupation, and education level. Part II captures information related to credit card spending behavior. There are five questions in this part which encompass type of credit card owned, the number of credit cards owned, years of using credit card, frequency of credit card usage on a monthly basis, amount spent every month by using credit card. Part III contains fifteen questions on bank policies.

Part IV has fifteen questions measuring the respondents' perception on their attitudes toward usage. The questionnaire in part III and IV were instructed in five point Likert-scale format, where 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree and 5 = strongly agree.

According to the objectives in this study, this research answered the following research questions. They are there any significant differences in demographic profile groups (gender, age, education level, occupation and income), credit card policy (application criteria, issuing criteria and collection policy), attitude towards usage (attitude to settle with credit card, attitude to pay miscellaneous fees and awareness of credit limit) have a significant effect on consumer spending behavior of credit cardholders in AYA bank.

4.2 Analysis on Influencing Factors of Credit Card Spending Behavior in AYA Bank

In this study, the collected data were used for analyze spending behavior of credit cardholders in AYA bank. By the analytical framework of this study, the three independent variables: demographic factors, credit card policy and attitude towards usage were factors influencing on spending behavior of credit cardholders.

4.2.1 Demographic profiles of the respondents

In this study, the demographic profile of respondents includes gender, age, education level, occupation, income. The composition of demographic factors of respondents in the sample was shown in Table (4.1). Most of the respondents are female with 65.5% and male are only 34.5%. The sample consists of 69 males and 131 females. In terms of the percentage, female respondents and share 65.5 percentage of sample while male respondent share 34.5 percentage of the sample. As a result, most of the AYA bank credit cardholders are female. It shows that most of the women more spend credit card than men. Age level of the respondents includes four groups of age, 21 to 30 years, 31 to 40 years, 41 to 50 years and 51 and above. The majority of respondents fall within the age brackets of between 21 and 40. The main age level is obtained from the respondents between 21 to 30 years with 69%, surveyed by the 31 to 40 years with 25.5%, 41 to 50 years with 5.5% and 51 and above with 0%. Most of the respondent from these age group are in employment and work place sector, they have regular monthly income.

Table (4.1) Demographic profile of Respondents

Gender	No of Respondents	Percentage
Male	69	34.5
Female	131	65.5
Age level		
21 to 30 years	138	69
31 to 40 years	51	25.5
41 to 50 years	11	5.5
51 and above	-	-
Education level		
High school	-	-
University	49	24.5
Post-graduate	134	67
Master	17	8.5
Monthly Income		
Above 2,000,000 MMK	4	2
500,000 to 1,999,999 MMK	75	37.5
150,000 to 499,999 MMK	121	60.5
Occupation		
Government employee	27	13.5
Private employee	162	81
Self-employed	11	5.5

Source: Survey data 2019

All the respondents were requested to answer their education of credit cardholders. It is classified in four groups as high school, college, university, post-graduate, Master and other. It is found that 134 respondents are post-graduate, followed by university level 49 respondents, master level 17 respondents. Most of the respondents have monthly scale salary ranges between 150,000 to 499,999 MMK (47.8 percent), while the lowest number of the respondent have monthly salaries above 2,000,000 MMK (11.7percent). The sample consists of 4 respondents above 2,000,000 MMK, 75 respondents between 500,000 MMK and 1,999,999 MMK and 121 respondents between 150,000 MMK and 499,999 MMK. It showed that most of the credit cardholder income between 150,000 MMK and 499,999 MMK are leading to spend credit card in banking industry. All the respondents were requested to answer their occupation which for six categorized into; government employee, private employee and self-employed. It is found that only 11 respondents are self-employed, 162 respondents are private employee and 27 respondents are government employee. Most of the respondents are private employee and government employee at the highest percentage with 81% and 13.5% respectively.

4.2.2 Credit Card Policy of AYA bank

The credit card policy of AYA bank includes application criteria, benefits policy of credit card and collection policy. In Table (4.2), (4.3) and (4.4), the analysis of results stated about the mean value and standard deviation.

Table (4.2) Application criteria of AYA bank

	Statement	Mean	Standard Deviation
a)	AYA Bank's requirements for apply card are easy to prepare.	3.39	0.884
b)	The credit limit set by the AYA bank is satisfied to me.	3.54	0.826
c)	I believe minimum Card Holder income limitation (150,000 MMK) is reasonable.	3.57	0.854
d)	I am convenience to accept AYA bank Site Visit for my application.	3.64	0.827
e)	I believe minimum Credit Card holder age limit (21 years old) is reasonable.	3.73	0.907
	Overall Mean Score	3.57	

Source: Survey data 2019

As shown in Table (4.2), the overall mean score about application criteria of AYA bank is 3.57 and bank's requirement for card application is 3.39 and least mean value. This value indicated that most of the respondents may be convenient for the requirements but some may be difficult to prepare. The most mean value is 3.73 for the minimum age criteria (21 years old) is fair. This is indicated that most of the respondents satisfy about minimum age criteria and age 21 years is suitable for hold credit card.

Table (4.3) Benefits Policy of credit card

	Statement	Mean	Standard Deviation
a)	I like the policies of Principle and Supplementary Card.	3.59	0.718
b)	I use the card because I enjoy seasonal promotion and discount benefit offered by AYA Bank.	3.63	0.779
c)	I like the system of card status block/active mode via online banking by self.	3.81	0.882
d)	I use AYA credit card because I like Airport lounge access benefit offered by AYA Bank.	3.58	0.773
e)	Cardholder benefit programs are easy to know.	3.57	0.818
	Overall Mean Score	3.64	

Source: Survey data 2019

As shown in Table (4.3), in benefits policy of AYA bank credit card, the overall mean score is 3.64. The least mean value is 3.57 and about easy to know cardholder benefit programs. This mean that most of the respondents do not think the cardholder benefits program is easy to know. The mean value 3.81 is most and indicated that most of the respondents like their own card block/active system via online banking by themselves.

Table (4.4) Collection policy of AYA bank

	Statement	Mean	Standard Deviation
a)	AYA bank charges reasonable interest rates on credit cards	3.34	0.840
b)	The Interest-free period (maximum 50 days) offered by AYA bank is satisfied to me.	3.83	0.764
c)	I do satisfy on minimum monthly payment policy of AYA Bank (10,000 MMK or 10% of outstanding balance)	3.73	0.783
d)	The monthly repayment due date (20th of every month) is satisfied to me.	3.77	0.775
e)	I agree that AYA Bank interest calculation method for Credit card is easy to understand	3.48	0.838
	Overall Mean Score	3.63	

Source: Survey data 2019

By the results shown in Table (4.4), the collection policy of AYA bank overall mean score is 3.63 and mean value 3.83 is the most with interest free period is maximum 50 days. Most of the respondents satisfied about the maximum 50 days grace period. The least mean value is 3.34 for reasonable interest rate charged by bank. This value means that most of the respondents do not like the interest rate set by AYA bank.

4.2.3 Attitude towards usage of AYA bank credit card

The attitude towards usage of credit cardholders in AYA bank includes three sections such as attitude to settle with credit card, willingness to pay miscellaneous fees and awareness about credit limit.

Table (4.5) Attitude to settle with credit card

	Statement	Mean	Standard Deviation
a)	There are more advantages with credit card payments, than with cash	3.56	0.748
b)	It is safer to use credit cards payment compare to cash payment	3.56	0.775
c)	Using credit cards drive me to spend more.	3.67	0.876
d)	I feel fully secure when I shop online with a credit card	3.43	0.766
e)	It gives me self-confidence to pay with credit card when I'm abroad	3.56	0.831
	Overall Mean Score	3.56	

Source: Survey data 2019

According to the Table (4.5), the overall mean score of attitude to settle with credit card is 3.56. The most mean value is 3.67 and the statement about this value is use with credit card drive spend more. 3.43 is the least mean value and the statement indicated that shopping in online with credit card does not feel fully secure for some respondents.

Table (4.6) Willingness to pay miscellaneous fees

	Statement	Mean	Standard Deviation
a)	I always avoid default on my loans of my credit card.	3.46	0.873
b)	I allocate a certain amount of money each month to pay credit card debts	3.71	0.754
c)	The annual fee of the credit card is paid to bank even though I do not use the credit card	3.27	0.843
d)	I keep the credit card payment slips for easily to find out any transaction in my statement which was not made by me	3.55	0.819
e)	The balance of my credit card paid off every month	3.62	0.824
	Overall Mean Score	3.52	

Source: Survey data 2019

According to Table (4.6), the overall mean score of willingness to pay miscellaneous fees is 3.52 and mean value 3.27 is the least and showed that most of the respondents do not satisfied for annual fee paid to bank although not use in that year. The most of mean value is 3.71 and indicated that most of the respondents allocate their certain amount of credit card debts monthly.

Table (4.7) Awareness about credit limit

	Statement	Mean	Standard Deviation
a)	I never go beyond my credit card limit	3.71	0.844
b)	I identify accurately how much I spend using credit card every month.	3.78	0.790
c)	I always pay off my credit card debt fully and timely.	3.65	0.825
d)	I like to use the maximum limit of my credit card.	3.32	0.884
e)	My budget limits me from over-spending even if I use my credit card.	3.44	0.860
	Overall Mean Score	3.58	

Source: Survey data 2019

The overall mean score of awareness about credit limit is 3.58, as shown in Table (4.7). The mean value 3.32 is the least and showed that most respondents do not use the maximum limit of credit card. The mean value 3.78 is the most and indicated that most respondents know exactly their monthly spend amount with credit card.

4.3 Credit Card Spending Behavior of Respondents

The spending behavior of the respondents include five questions, type of credit card, number of credit card actively use, life of credit card used, frequency of credit card used per month and monthly average credit card debt amount.

Table (4.8) Spending Behavior of Respondents

Items	Frequencies	Percentage
Type of credit cards		
Visa	136	68
UPI	61	30.5
JCB	52	26
No of credit card actively use		
1	109	54.5
2	73	36.5
3	6	3
4	8	4
5	4	2
Life of credit card use		
6 months ~ 1 year	26	13
1 ~ 2 years	69	34.5
Above 2 years	105	52.5
Frequency of credit card use per month		
0 ~ 5 times	143	71.5
6 ~ 10 times	42	21
11 ~ 15 times	7	3.5
More than 15 times	8	4
Monthly average credit card debt amount		
0 ~ 300,000 MMK	142	71
300,001 ~ 500,000 MMK	36	18
500,001 ~ 1,000,000 MMK	18	9
1,000,001 and above	4	2

Source: Survey data 2019

As shown in Table (4.8), most of the respondents have Visa credit card with (136) respondents, another brand cards were 61 and 52 respondents respectively. But some cardholders have more than one credit card, thus some card brand data can be overlapped. 109 respondents were owned only one credit card and that results were most of the respondents and second was owned two credit cards with 73 respondents. Then, the respondents were owned 3, 4 and 5 credit cards with 6, 8 and 4 respondents respectively. Most of the respondents were old credit card users with 105 respondents were owned credit card 2 years and above. Between 6 months and 1 year life of credit card used customers were 26 respondents and between 1 and 2 years life of credit card used were 69 respondents. By the data of respondents, most of the credit cardholders

used credit cards also at the least 5 times per month. 42 respondents used 6 to 10 times a month and 7 respondents used 11 to 15 times a month. Only 8 respondents used credit card more than 15 times a month. The monthly average credit card debt was under 300,000 MMK with 71 percent of 142 respondents. Only 4 respondents spent above 1,000,001 average amount of credit card debt per month and 36 and 18 respondents spent between 300,001 and 1,000,000 average amount of credit card debt respectively.

Table (4.9) Model Summary and ANOVA Table of the Independent and Dependent variables

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.712 ^a	.506	.499	3.04554

a. Predictors: (Constant), Policy, Demographic, Attitude

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1864.023	3	621.341	66.989	.000 ^b
	Residual	1817.957	196	9.275		
	Total	3681.980	199			

a. Dependent Variable: Behavior

b. Predictors: (Constant), Policy, Demographic, Attitude

According to Table (4.9) the model summary and ANOVA table, the R Square was (.506) and adjusted R Square was (.499) and F value was (66.9). Thus, the independent variables can influence 49.9% on the dependent variable.

Table (4.10) Coefficients of the Predicting Variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.174	2.085		-.563	.574
	Demographic	.969	.194	.257	5.000	.000
	Attitude	.136	.055	.249	2.486	.014
	Policy	.206	.054	.387	3.840	.000

a. Dependent variable (Behavior)

By the result shown in Table (4.10), the two factors Demographic and Policy were significant in predicting variables with the p value (.000) each while

Attitude was significant with the p value (.01) which is within (.05) level. Thus it shows the three independent variables Demographic factors, Attitude and Policy of credit card strong impact on the consumer spending behavior. The independent variables can be changed on the dependent variable.

CHAPTER (5)

CONCLUSION

This chapter involved the three main sections findings, suggestions and recommendations and needs for the further study. This study aims to identify the credit card policies and practices in AYA bank and to examine the spending behavior of credit cardholders in AYA bank. This study finds how to effect of the demographic factors, credit card policy and attitudes toward usage on the spending behavior of credit cardholders.

5.1 Findings

Concerning the types of credit card issued by AYA, the bank has three credit card types including silver, gold and platinum which are different by brand (Visa, UPI and JCB). The minimum age criteria for apply credit card must be 21 years and the applicant can earn at least 150,000 MMK as a monthly salaries. The documents required to apply for credit card are recommendation letter for income, passport photo, household letter, support the community and one or two guarantor for applicant. The annual fees for credit card are 20,000MMK, 60,000MMK and 120,000MMK which vary from card type. The user need to pay interest and the monthly interest rate is 1.33 percent, late fee for 1 percent, and penalty fee for 2 percent charge for holding credit card. Every 20th of the month is set the payment due date and the maximum exemption period is 50 days for interest-free period (grace period).

Concerning the spending behavior of credit cardholders, this study found that the large number of the respondents either posse one or two cards. But some credit cardholders hold five credit cards and it is the highest. Visa brand is the most popular and most of the credit cardholders commonly used. The another interesting finding is that the monthly use number of transactions made through credit cards 0 to 5 times per month and most as reported in this study. The monthly usage amount with credit card was up to 300,000 kyats.

By the results about demographic factors, most of the card holders were female. Thus, female were more like to use credit card than male and can assumed female may be more spend than male. Another results about income, this study found that middle income level users were more likely to use credit cards than

other levels. Most of the cardholders were graduate person. Therefore, it is assumed that credit card usage can be measured.

According to the findings data of credit card policy, most of the cardholders agreed the minimum age criteria set by issuing bank. But the application criteria offered by issuing bank had not satisfied them. The benefits policy of issuing bank was not made visible to most of the cardholders. The card active/block status can changed by online banking system made satisfied to most of cardholders. By the findings, the interest calculation method was not clear for some cardholders and interest rate set by issuing bank had not agreed to some cardholders.

According to the statistical results of this study, the influencing factors on spending behavior of credit cardholders in AYA bank shows that demographic factor significant affect spending behavior of credit cardholder. Moreover, attitudes toward usage and credit card policy also significant affect spending behavior of credit cardholder. Among these independent variables, credit card policy has mostly effect on the spending behavior.

5.2 Suggestions and Recommendations

The analyzed data showed that credit card policy was mostly significant on the spending behavior of credit cardholders. To survive and compete among credit card markets, bank should emphasize on the credit card policy. The bank should review the credit limit score concerned by customer type, for the cardholders who always used large amount with credit card and pay back in time regularly based on their credit history. The bank should also make easy interest calculation method to understand for users and inform users to calculate easily by self.

Analyzed by this study, it is suggested that bank should be taken to increase the security and ease of use by cardholders. The bank should make effort to improve the user understanding the benefits policy of credit cards through advertisements and media. Moreover, bank should make to simplify the documents needed to apply for a credit card. Bank also knowledge sharing should be done for those who have not used credit card. To maintain the current consumers and attract the potential customers, the bank should use social media and other channels. Moreover, the bank should provide the information about the benefits of using credit card and deals and discounts program of payment with credit card.

With the steady annual increase in credit card users, there is still a lot of potential for practical and effective use by banks in the Myanmar market. For this reason, banks have to be motivated to create aim to reinforce the acceptableness of their cards, and most significantly, they need to create their existing and potential customers aware that however helpful and essential are the options of credit cards for them.

5.3 Needs for Further Study

The sample size of this study was comparatively small as it was only limited to the credit cardholders in AYA bank Yangon branches. Hence, this study is hard to represent the whole population of credit cardholders in AYA bank. This limitation provides an opportunity for further research. Therefore, first, a similar study can be performed on a larger sample size, chosen through random sampling technique in order to acquire better and accurate results that can be generalized to overall population. Second, this study has centered on spending behavior of credit cards only, but not on the debit card, prepaid card.

Third, this study examined the spending behavior of credit cardholder and identified the credit card policy and practices of AYA bank. Therefore, further study is suggested to examine the payment policy of credit cardholder, spending behavior of debit cardholder or prepaid cardholder. Last, this study based on the limited sample of AYA bank credit cardholders. Thus, further study should be researched at other banks and the results compared whether there is steadiness among banks.

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APPENDIX 1

Governance Structure of AYA bank



Source: www.ayabank.com

APPENDIX 2

Spending Behavior of Credit Card Holders in AYA Bank

Survey Questionnaire

This research will help improve the quality of AYA bank credit card services in the long run, your opinions are therefore of great importance to the accomplishment of this research. The survey data will be treated with confidentiality and anonymity, and only used for the purpose of this research. Therefore, please feel at ease when answering the questions. Thank you for your time and assistance.

Part I: Customer information (Demographic factors)

Please kindly provide some of your personal information.

1: Gender

- Male Female

2: Age (years)

- 21 –30 31–40 41 –50 51 and above

3: Education level

- High school University Post-graduate Master

4: Monthly Income (MMK)

- 150,000 to 499,999 500,000 to 1,999,999 Above 2,000,000

5: Occupation

- Government employee Private employee Self employed

Part II: Consumer spending behavior

Please tick the answer(s) below that apply to you.

6: Please select the type of AYA Bank credit card(s) you are currently using

- Visa Card UPI card JCB card

7: Number of credit cards that you actively use

- 1 2 3 4 5

8: How long have you been using credit cards?

- 6 months -1 year 1 -2 year Above 2 years

9: How often do you use credit cards (Monthly basic)?

- 0 to 5 time 6 to 10 time 11 to 15 time More than 15 times

10: Your monthly average credit card debt amount. (MMK)

- 0 to 300,000 300,001 to 500,000 500,001 to 1,000,000
 1,000,001 and above

Part III: Credit Card Policy of AYA bank credit card

12: Application criteria of AYA bank

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
a) AYA Bank's requirements for apply card are easy to prepare.					
b) The credit limit set by AYA bank is satisfied to me.					
c) I believe minimum Card Holder income limitation (150,000 MMK) is reasonable.					
d) I am convenience to accept AYA bank Site Visit for my application.					
e) I believe minimum Credit Card holder age limit (21 years old) is reasonable.					

13. Benefits Policy of credit card

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
a) I like the policies of Principle and Supplementary Card.					
b) I use the card because I like to enjoy seasonal promotion and discount benefit offered by AYA Bank.					
c) I like the system of card status block/active mode via online banking by self.					
d) I use AYA credit card because I like Airport lounge access benefit offered by AYA Bank.					
e) AYA bank cardholder benefit programs are easy to know.					

14: Collection policy of AYA bank

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
a) AYA bank charge reasonable interest rates on credit cards.					
b) The Interest-free period (maximum 50 days) offered by AYA bank is satisfied to me.					
c) I do satisfy on minimum monthly payment policy of the bank (10,000 MMK or 10% of outstanding balance).					
d) The monthly repayment due date (20th of every month) is satisfied to me.					
e) I agree that AYA Bank interest calculation method for Credit card is easy to understand					

Part IV: Attitude towards usage of AYA bank credit card

15: Attitude to settle with credit card

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
a) There are more advantages with credit card payments, than with cash.					
b) It is safer to use credit cards payment compare to cash payment.					
c) Using credit cards drive me to spend more.					
d) I feel fully secure when I shop online with a credit card.					
e) It gives me self-confidence to pay with credit card when I'm abroad.					

16: Willingness to pay miscellaneous fees

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
a) I always avoid default on my loans of my credit card.					
b) I allocate a certain amount of money each month to pay credit card debts.					
c) The annual fee of the credit card is paid to bank even though I do not use the credit card.					
d) I keep the credit card payment slips for easily to find out any transaction in my statement which was not made by me.					
e) The balance of my credit card paid off every month.					

17: Awareness about credit limit

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
a) I never go beyond my credit card limit.					
b) I identify accurately how much I spend using credit card every month.					
c) I always pay off my credit card debt fully and timely.					
d) I like to use the maximum limit of my credit card.					
e) My budget limits me from over-spending even if I use my credit card.					